

DOCKET NO. 2015- -E

The Implementation of S.C. Code § 59-39-110, the South Carolina Distributed Energy Resource Act

**VERIFIED APPLICATION OF
DUKE ENERGY CAROLINAS,
LLC TO ESTABLISH A
DISTRIBUTED ENERGY
RESOURCE PROGRAM**

I. INTRODUCTION

Duke Energy Carolinas LLC (“DEC”, “Duke Energy Carolinas” or “Company”), pursuant to S.C. Code § 58-39-130, hereby makes this Application to implement a Distributed Energy Resource Program (“DER Program”) to accomplish and further the purposes and goals of the South Carolina Distributed Energy Resource Program Act (“Act 236” or “Act”). In support of this Application, the Company respectfully shows the Commission the following:

1. Duke Energy Carolinas is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and the central and western portions of North Carolina. The Company also sells electricity at wholesale to municipal, cooperative and investor-owned electric utilities and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. Duke Energy Carolinas is a public utility under the laws of South Carolina and is subject to the jurisdiction of the Public Service Commission of South Carolina (“Commission”) with respect to its operations in this State. The Company is also authorized to transact business in the State of North Carolina and is a public utility under the laws of that State. Accordingly, its operations in that State are subject to the jurisdiction of the North Carolina Utilities Commission (“NCUC”).

2. The attorneys for the Company, to whom all communications and pleadings should be addressed, are:

Charles A. Castle
Associate General Counsel
Duke Energy Corporation
550 South Tryon St./DEC45A
Charlotte, North Carolina 28201-1006
Tel. 704.382.4499
alex.castle@duke-energy.com

and

Frank R. Ellerbe III
Robinson McFadden & Moore, P.C.
1901 Main Street, Suite 1200
P.O. Box 944
Columbia, S.C. 29202
Tel. 803-779-8900
fellerbe@robinsonlaw.com

II. ACT 236 AND DEC DER PROGRAM OVERVIEW

3. In 2014, Act 236 was enacted in order to “promote the establishment of a reliable, efficient, and diversified portfolio of distributed energy resources for the State.”¹ The Act permits an electrical utility to apply to the Commission for approval to participate in a DER Program. After conducting a hearing on the application, the Commission may approve such application if the applicant demonstrates that the program will further the goals of Act 236.

4. Duke Energy Carolinas, by and through this Application, proposes a diverse portfolio of distributed energy resource initiatives located within its retail service territory, including a request for proposals (“RFPs”) for large-scale renewable generation facilities, new programs and tariffs specifically designed to increase customer access to the benefits of renewable generation, and investments in technologies, studies, and/or pilot programs that will enable the Company to better manage the integration of variable and intermittent renewable energy generation.

5. Duke Energy Carolinas’ portfolio of initiatives is designed to increase the capacity of renewable generation located in its service area from 1,300 kilowatts (“kW”), as of January 1, 2015, to approximately 84,000 kW by January 1, 2021.² Eighty-four thousand kilowatts approximates two percent (2%) of the Company’s estimated average South Carolina

¹ The Act defines distributed energy resources broadly as “demand and supply side resources that can be deployed throughout the system of an electrical utility to meet the energy and reliability needs of the customers served by that system, including, but not limited to, renewable energy facilities, managed loads (including electric vehicle charging), energy storage, and other measures necessary to incorporate renewable generation resources, including load management and ancillary services, such as reserves, voltage control, and reactive power, and black start capabilities.”

² All capacity targets cited in Act 236 are in kilowatts “AC” or alternating current, the current of the electric distribution system, rather than “DC” or direct current. For simplicity, all capacity figures in this document are cited as AC-rated capacity, unless otherwise noted.

retail peak demand over the previous five year period and would enable the Company to meet the renewable generation goals of Act 236.

6. The Company anticipates program costs for this portfolio of initiatives over the 2015-2020 planning period will be approximately \$52 million, of which \$7 million is expected to be South Carolina retail customers' allocable portion of avoided cost and \$45 million is expected to be deemed an "incremental cost" pursuant to S.C. Code § 58-39-140(A). All program costs associated with this will be funded through the mechanisms made available in Act 236. These costs will be subject to recovery through the Company's annual fuel filing and in accordance with the per account cost caps enumerated in S.C. Code § 58-39-150.

III. DER APPLICATION REQUIREMENTS

7. Pursuant to S.C. Code § 58-39-130, a DER Program application must contain specific substantive elements. The Company has set forth the required information below and outlines its plans for distributed energy resources for the period 2015 to 2020 ("Planning Period").

A. The Specific Goals To Be Addressed By The Program And The Benefits To Be Achieved From Its Implementation

8. Duke Energy Carolinas has designed its DER Program to meet three primary objectives: (1) the fulfillment of the goals of Act 236 and the terms of the Settlement Agreement ("Settlement Agreement") reached in Docket No. 2014-246-E,³ (2) a diversity of options for a wide variety of customers, and (3) continued safe and reliable operation of the grid. Table 1 depicts the Company's estimated DER generation targets, set in accordance with S.C. Code § 58-39-130, in terms of generation capacity. In this table, Tier I refers to Act 236's

³ The Settlement Agreement filed with the Commission on December 11, 2014, in Docket No. 2014-246-E (Petition of the Office of Regulatory Staff to Establish Generic Proceeding Pursuant to the Distributed Energy Resource Program Act, Act No. 236 of 2014, Ratification No. 241, Senate Bill No. 1189) stipulates the type, eligibility, and timing of DER incentives that the Company shall propose in its DER program application.

requirement that the Company invest in or procure one percent (1%) of South Carolina retail peak capacity from large scale renewable energy facilities, no less than 1,000 kW and no greater than 10,000 kW in nameplate capacity. Tier II refers to Act 236's requirement that the Company establish programs to encourage customers to purchase or lease renewable energy facilities (no greater than 1,000 kW in capacity) that, in aggregate, are equivalent in nameplate capacity to one percent (1%) of South Carolina retail peak capacity, of which twenty-five percent (25%) must be from facilities less than 20 kW in nameplate capacity.

Table 1: Estimated DEC DER Program Generation Targets, in kilowatts-AC

	Tier I⁴	Tier II⁵	Total
Capacity Target (kW)	40,000	44,000	84,000

9. The Company proposes to meet half of the total capacity target through the introduction of new tariffs and programs intended to incent residential and non-residential customers to invest in or lease these facilities, both on- and off-premise, as explained in detail in Section E. These customer-focused options include the offer of a "NEM DER Incentive" in accordance with the Settlement Agreement reached in Docket No. 2014-246-E, up-front rebates for customers who install small-scale solar facilities, and subscriptions to "community" or shared solar farms, whereby multiple customers subscribe to and share in the economic benefits of one renewable energy facility.

10. The Company is further committed to ensuring that all new DER initiatives support the safe and reliable operation of the grid for all customers. For example, the Company

⁴ Tier I refers to the renewable energy facilities whose nameplate capacity is greater than 1,000 kW AC but smaller than 10,000 kW AC and conform to S.C. Code § 58-39-130 (C)(1). The Company expects to reach its Tier I target of 40,000 kW by January 1, 2017. One percent of the Company's previous five year (2012-2016) average of its South Carolina retail peak demand is projected to be 40,000 kW.

⁵ Tier II refers to renewable energy facilities whose nameplate capacity is no greater than 1,000 kW AC, of which twenty-five percent must be from facilities less than 20 kW in capacity and conform to the requirements of S.C. Code § 58-39-130 (C)(2). The Company expects to reach its Tier II target of 44,000 kW by January 1, 2021. One percent of the Company's previous five year (2016-2020) average of its South Carolina retail peak demand is projected to be 44,000 kW.

will continue to support training for first responders in fire safety for solar photovoltaic ("PV") installations in South Carolina and will require customers who participate in its initiatives to utilize certified installers. With respect to system reliability initiatives, the Company will reinforce existing industry standards through its DER program offerings as well as carefully monitor and consider promoting adoption of next-generation advanced inverter technologies and other technologies that will better enable grid integration of variable resources.

B. Description Of The Principal Elements Of The Program And A Statement Of The Benefits To Be Achieved From The Implementation Of Each Of Those Elements

11. There are two principal elements to Duke Energy Carolinas' 2015 DER Program: (1) a utility-scale RFP, and (2) new customer initiatives and programs. Initially, the Company will solicit proposals from renewable energy suppliers for approximately 40,000 kW of new renewable energy capacity located in its retail service area in South Carolina. The Company will issue an RFP within 90 days of Commission approval of this DER application. The Company will solicit offers of 10-year purchase power agreements ("PPA") and turnkey proposals with engineering, procurement and construction ("EPC") agreements. The Company will require that bidding facilities are in-service before 2017 and the bid pricing should reflect the benefits of the federal investment tax credit, which will expire December 31, 2016. The intended benefit of this component of the DER Program is the deployment of utility-scale DERs in the Company's service territory.

12. Further, the Company will introduce new tariffs and programs intended to entice residential and non-residential customers to invest in or lease these facilities, both on- and off-premise, as explained in Section E and detailed in Table 2. The primary beneficiaries of this portfolio of new options are the residential, commercial, and industrial customers. The

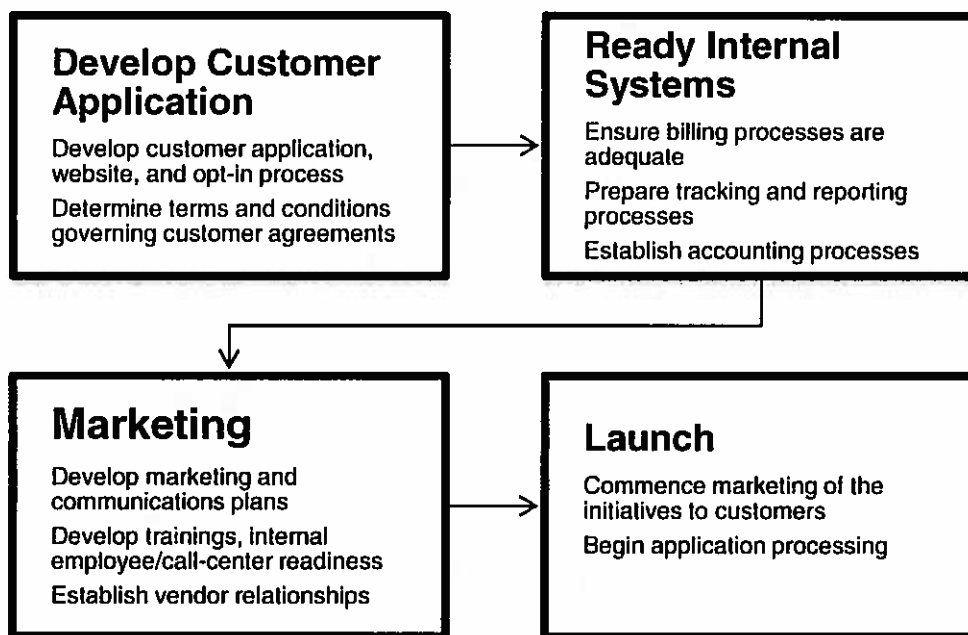
initiatives are designed to increase the number of customer-generators located in its service area from less than ten customers, as of January 1, 2015, to several thousand by January 1, 2021. This enhanced penetration of customer-sited generation, both owned and leased, is the primary benefit of this initiative as it will help reduce the capital requirements to access distributed generation and allow for greater participation in this nascent marketplace.

C. Description Of The Electrical Utility's Planned Actions To Implement The Program And The Anticipated Timing Of Those Actions

13. As set forth in Section B of the Application, the Company will take a number of actions to ready internal processes for successful implementation of its initiatives. To achieve Tier I generation capacity goals, the Company will release the RFP for PPAs and/or turnkey/EPC Agreements for renewable energy facilities located in its service territory in South Carolina within ninety (90) days of DER program approval. The Company expects to reach the capacity goal of approximately 40,000 kW by 2017.

14. The Company plans to achieve its Tier II goal of 44,000 kW of small, renewable distributed generation over the course of the next six years. This will be accomplished in two phases. First, the Company will implement the up-front solar PV rebate and the DER NEM incentive initiatives within ninety (90) days of DER program approval. Then, likely in 2016, the Company will begin offering the Shared Solar program. Figure 1 below represents the key actions DEC will take to implement these customer initiatives.

Figure 1: Planned Actions to Implement Customer Initiatives



D. Where Relevant, The Locational Benefits And Costs Of Proposed Distributed Energy Resources Proposed To Be Located On The Distribution And Transmission System, Including, But Not Limited To, Reductions Or Increases In Local Generation Capacity Needs, And Avoided Or Increased Investments In Distribution Infrastructure

15. Through the implementation of this DEC Program, the Company plans to study and determine the possible locational benefits to the placement of distributed energy resources on specific circuits on its system.

E. Proposed Customer Programs And Changes In Tariffs, Or Other Mechanisms That Support The Prudent, Efficient, And Reliable Deployment Of Cost Effective Distributed Energy Resources And The Goals Of The Distributed Energy Resource Program As Defined In S.C. Code § 58-39-110, Including, But Not Limited To, Programs Intended To Support Access To Distributed Energy Resources For Tax Exempt Entities

16. The Company proposes three, new customer initiatives designed to meet the specific requirements set forth in S.C. Code § 58-39-130 (C)(2).

a. NEM DER Incentive

17. The Company's first initiative is the "NEM DER Incentive," a credit available to eligible net energy metering ("NEM") customer-generators that enables them to receive full retail credit for their generation for a period of time, as defined in the Settlement Agreement reached in Docket No. 2014-246-E.

b. Solar Rebate Program

18. The Company also proposes a new tariff designed to entice residential and non-residential customers to invest in or lease renewable distributed generation in the form of a rebate provided upon completion of the facility. These per kW rebates, when combined with the State and Federal tax credits for renewable generation, and available net metering or buy-all-sell-all tariffs, should spur adoption by lowering the cost to install and providing price-certainty over an extended term. This offer will be available retroactively for facilities constructed after January 1, 2015, consistent with the terms of the Settlement Agreement. The proposed Solar Rebate Program tariff is attached as Exhibit A to the Application.

c. Shared Solar

19. Finally, the Company proposes a third initiative, a Shared Solar option whereby multiple retail customers may subscribe to and share in the economic benefits of one renewable energy facility. Although it is designed for customers holding tax-exempt status, such as houses of worship, schools, universities, military installations, and government offices, this option will be accessible to a wide array of eligible residential or non-residential customers. The Shared Solar Program proposed by the Company is a subsidized initiative; the proposed monthly subscription charge is less than what it would have been if the customer were paying the full cost of each kilowatt of solar PV to which he subscribes. It is through subsidization that

participating customers are able to receive the benefit of bill savings from their share of the solar PV facility. The Company proposes to recover this subsidy as an incremental DER cost. The Company expects the program to have strong appeal to residential and commercial customers who rent or lease their premises, to residential customers who reside in multifamily housing units or even shaded housing, and to residential customers for whom the relatively high up-front costs of solar PV make the technology unattainable. The generating assets will be located throughout the Company's South Carolina retail service area, built in 1,000 kW increments, and will be ground-mounted rather than roof-mounted, significantly lowering the capital cost. The proposed Shared Solar tariff is attached as Exhibit B to the Application.

20. The Company estimates that these initiatives, in the aggregate, will result in as many as 2,000 customers participating in programs designed to increase capacity of renewable generation in the State. Please refer to Table 2 for summaries of each customer initiative.

Table 2: Duke Energy Carolinas Proposed DER Customer Initiatives, 2015-2020

1. NEM DER Incentive	
Description	The Company will apply a credit ("DER NEM Incentive") to qualifying net metering customer transactions such that the customer-generators' monthly bill is equal to the bill they would have received if the generation by their DER facilities were valued at the 1:1 Rate.
Timing	Incentive will be automatically available to all customer-generators receiving service under net metering riders upon Commission approval of the Settlement Agreement, DER program, and subsequent new Net Energy Metering Tariffs.
Availability	Customer-generators receiving service under this net metering rider prior to 12/31/2020 may continue to receive the incentive through 12/31/2025. The net metering rider is open to new customers until the aggregate capacity of all net energy metering systems is reached, as set forth in Section 58-40-20 (B) or 12/31/2020, whichever occurs first.
Benefits	Designed to meet Settlement Agreement (Section III) terms and S.C. Code § 58-39-130 (C)(2)
2. Solar Rebate Program	
Description	The Company will offer rebates to eligible customers who lease or purchase renewable energy facilities no larger than 1,000 kW. Upon completion of the installation, the customer receives a one-time, fixed dollar amount per kW DC installed rebate. Rebate will be available to eligible residential and non-residential customers who elect Net Metering Tariffs and Sell-All Tariffs alike.
Timing	Available within 90 days of Commission approval of its DER programs and retroactive to 1/1/2015.
Availability	Available until the aggregate nameplate generating capacity of renewable energy facilities no larger than 1,000 kW equals one percent of the previous five year projected average of the electrical utility's South Carolina retail peak demand, approximately 44,000 kW or until 12/31/2020.
Benefits	Reduces the initial investment cost of customer-sited PV solar, making it more achievable and financially attractive. Designed to satisfy S.C. Code § 58-39-130 (C)(2) § 58-39-130 (C)(2), subsection (a) and (b)
3. Shared Solar Program	
Description	The Company will offer access to the benefits of solar PV via "shared solar" wherein multiple customers, particularly those with physical, financial, or other limitations to installing solar PV on-premise, can subscribe to and share in the economic benefits from one renewable energy facility. Customer pays an up-front participation fee and then a monthly per kW subscription fee, which is subsidized. In return, they receive a monthly bill credit for their "share" of the solar facility's production, for ten years.
Timing	Available within one year of Commission approval of the DER Program Application.
Availability	Available to all eligible retail customers and marketed specifically to tax-exempt customers, governmental entities, customers residing in multifamily housing units, and low income customers. Customer signs up for ten-year subscription term. DEC's plan currently calls for 7,000 kW of shared solar capacity interconnected by 2020. The Company anticipates adding 1,000 kW in 2016 and 2,000 kW per year in 2017, 2018, and 2019.
Benefits	This program is designed to satisfy S.C. Code § 58-39-130 (C)(2) § 58-39-130 (C)(3).

F. Additional Utility Expenditures Necessary To Integrate Cost Effective Distributed Energy Resources Into Distribution And Transmission Planning

21. Included in this Application are costs for additional revenue-grade meters to be located at net-metered customer-generators' premises. As the number of customer-generators is expected to grow significantly in the near future, the Company believes that enhanced monitoring of solar PV generation against actual customer loads, in particular, will yield operational benefits in the future and will allow it to gain additional experience and information to assist in its service to customers.

22. The Company anticipates that it will propose additional initiatives under the umbrella of the DER program, such as DER non-generating technology pilots, to study and assure the reliability and stability of the power system amid greater levels of variable energy production, consistent with S.C. Code § 58-39-130 (B)(3) and S.C. Code § 58-39-130 (B)(4). These non-generation technologies will likely be co-located at customers' premises that will enable the Company to monitor and mitigate the effects of variable renewable energy generation. The Company will also propose measures to study and assure the reliability and stability of the power system amid greater levels of variable energy production in South Carolina.

G. Description And Evaluation Of Any Barriers To The Deployment Of Distributed Energy Resources As Envisioned In The Plan, Including, But Not Limited To, Safety Standards Related To Technology Or Operation Of The Distribution Circuit In A Manner That Ensures Reliable Service

23. The barriers to deployment of DERs are limited, at this time, to the quick pace at which the technologies to integrate and mitigate variable generation are evolving relative to the technical standards that govern safe and reliable grid interconnections. For example, enhanced capability inverters ("smart inverters") are likely to become economical in the very near future;

the standards set forth by the organizations that govern these technologies, IEEE and UL, however, have not kept pace. Though not considered a barrier at the present time, this situation could present challenges if “smart inverter” functionality is necessary in the near future and neither body has codified their revisions of the relevant standards, IEEE 1547 and UL 1741.

24. The economic challenges faced by our retail customers and the relatively high cost of entry presented by rooftop solar PV remain the primary barriers to achieving the goals set forth in Act 236. Meeting the threshold requirement that the Company invest in or procure energy from utility-scale, ground mounted solar “farms” 1,000 kW to 10,000 kW in size should not be challenging due to the anticipated availability of that product in South Carolina today. However, the capacity requirement relating to smaller scale generation will be much more difficult to achieve, given that a very small fraction of the Company’s South Carolina retail customers have sufficient economic resources or the necessary rooftop attributes to support a solar investment on-premise. As such, the Company expects that meeting Act 236’s requirement that it enable at least 44,000 kW of capacity (1% of its South Carolina retail peak demand) from facilities less than 20 kW in capacity will be the most challenging segment.

25. Additional barriers to deployment of distributed energy resources in the State include workforce and technical training challenges, lack of experience at the municipal level in zoning, permitting, and even emergency response to potential solar PV thermal events. Duke Energy Carolinas has reached out to institutions for collaboration within the State to support efforts to address these deficits. Lastly, potential future changes in public policy at the federal level presents a material uncertainty. Specifically, federal tax credit support for residential and commercial solar PV investment will expire or be reduced at the end of 2016.

H. A Schedule Of The Projected Incremental Costs Anticipated To Implement The Electrical Utility's Distributed Energy Resource Program For Each Year Of The Subject Period

26. The Company's projected incremental costs over the Planning Period to implement the DER program initiatives are shown in Tables 3 and 4, below.⁶

Table 3: Duke Energy Carolinas Projected Incremental DER Costs, 2015-2020

Year	2015	2016	2017	2018	2019	2020
Total incremental costs	\$2,019,929	\$4,677,824	\$6,406,172	\$8,287,058	\$10,744,188	\$12,929,194

Table 4: Duke Energy Carolinas Projected Incremental DER Cost Annual Impact on Customer Bill, 2015-2020⁷

Year	2015	2016	2017	2018	2019	2020
Annual dollar per Account						
Residential	\$1.79	\$4.11	\$5.57	\$7.13	\$9.14	\$10.89
Commercial	\$7.18	\$16.40	\$22.16	\$28.30	\$36.27	\$43.21
Industrial	\$356.60	\$823.38	\$1,126.65	\$1,200.00	\$1,200.00	\$1,200.00

I. An Estimate Of Costs To Be Incurred Pursuant To The Distributed Energy Resource Program As Defined In S.C. Code § 58-39-130 And An Estimate Of Those Costs To Be Recovered Pursuant To S.C. Code § 58-27-865 And 58-39-140 To Fully Recover The Projected Costs Of The Program.

27. DEC's estimate of the projected avoided costs that will be incurred as part of its DER Program and recovered pursuant to S.C. Code §§ 58-27-865 and 58-39-140 are set forth below in Tables 5 and 6.

⁶ The Company plans to discuss the underlying assumptions that inform the cost projections included in this section of the Application in testimony that will be filed in support of the Application in advance of the evidentiary hearing in this docket.

Table 5: Duke Energy Carolinas Projected Avoided Costs of DER Program, South Carolina Retail Customers' Allocable Portion, 2015-2020

Year	2015	2016	2017	2018	2019	2020
Projected Avoided Costs	-	\$1,314,028	\$1,380,685	\$1,447,010	\$1,513,002	\$1,505,437

Table 6: Duke Energy Carolinas Projected Avoided Costs of DER Program, Annual Impact on Customer Fuel Surcharge, 2015-2020

Year	2015	2016	2017	2018	2019	2020
Avoided Energy Cents per kWh						
Residential	-	0.0050	0.0053	0.0055	0.0056	0.0056
General Service / Lighting	-	0.0050	0.0053	0.0055	0.0056	0.0056
Industrial	-	0.0050	0.0053	0.0055	0.0056	0.0056
Avoided Capacity Cents per kWh						
Residential	-	0.0014	0.0014	0.0015	0.0015	0.0015
General Service / Lighting	-	0.0010	0.0011	0.0011	0.0012	0.0011
Industrial	-	0.0008	0.0008	0.0008	0.0009	0.0008

IV. REQUEST FOR COST RECOVERY AND TO IMPLEMENT DEFERRAL ACCOUNTING

28. As set forth above, the Company plans to incur costs to implement its DER programs and respectfully requests approval from the Commission to establish a fixed monthly incremental per-account charge within its fuel factor to collect its incremental DER costs from customers.

29. The incremental per-account charges set forth above in Table 4 have been calculated to comply with the requirements of Act 236. S.C. Code § 58-39-150 provides that the total incremental costs to be incurred by an electrical utility and recovered from the

electrical utility's South Carolina retail customer classes should not exceed certain cost caps. As a result, the Company proposes that the DER incremental cost component of the approved fuel factors be established and billed as a dollar amount per account. This will ensure that the Company will not bill individual customers more than the following annual amounts: residential: \$12; commercial: \$120; and industrial: \$1200. To determine the DER fuel factor for incremental costs, the Company will allocate such program costs among customer classes based on their respective contribution to South Carolina retail firm peak demand (the method used for variable environmental costs pursuant to S.C. Code 58-27-865(A)(1)) and divide that resulting amount by the number of accounts per customer class to be billed for that class to compute a dollar per account.

30. S.C. Code § 58-39-150 states that the "application of these caps to residential, commercial, and industrial accounts will be as set forth in the electrical utility's approved distributed energy resource program." Thus, for purposes of the billing the annual per account charge, Duke Energy Carolinas proposes to apply the charge to each account defined as an "agreement," or "tariff rate" between Duke Energy Carolinas and a customer, with the exception that certain accounts will not receive the per account charge because of the near certainty that these agreements represent small auxiliary service loads associated with other primary residential, general service, or industrial service accounts on which the charge will be assessed.

31. The Company proposes to include projected avoided and incremental DER costs in its 2015 fuel proceeding, and in each annual fuel proceeding thereafter, to recover in a timely manner the costs of implementation of its DER Program.

32. In the event the incremental costs to be recovered from any customer class in a given year exceed the per-account annual cost caps set forth in S.C. Code § 58-39-150, the Company proposes to carry forward any such costs in excess of the per-account annual cost caps for recovery, with carrying costs, through the fuel factor as an incremental DER cost in a subsequent year.⁸ Therefore, the Company requests authority from the Commission to use deferral accounting and recover such costs consistent with the process outlined in this Application.

V. REQUEST FOR AUTHORITY TO MODIFY AND INTRODUCE NEW PROGRAMS

33. The Company expects to make periodic adjustments to its DER initiatives as technology costs decline, public policies change, and as it gains more experience in administering the initiatives. To aid in the implementation, the Company respectfully requests that the Commission, following approval of its DER Program, allow it to retain the ability to modify existing DER programs as appropriate without specific Commission approval. Following the Commission's approval of DEC's DER Program, the Company will notify the Commission and the Office of Regulatory Staff within 15 days of any change to an existing program.

34. In addition, the Company requests that the Commission allow it to retain the ability to introduce new, additional DER initiatives subsequent to this Order provided it propose the modification or addition to the Commission and the Office of Regulatory Staff within 15 days of any new initiative's introduction.

⁸ Consistent with the treatment of uncollected costs within the fuel factor, the Company proposes to include any unrecovered balance in its unbilled revenues with a corresponding deferred debit or credit, the balance of which will be included in the projected DER portion of the fuel cost component of the base rates for the succeeding period.

VI. REQUEST FOR APPROVAL

WHEREFORE, Duke Energy Carolinas respectfully requests that pursuant to this Application, and the provisions of S.C. Code § 58-39-110, et seq., the Commission approve:

- (1) The Company's request to implement a DER Program as set forth herein;
- (2) The Company's request for recovery of the costs of its DER Program pursuant to S.C. Code §§ 58-27-865, 58-39-140 and 58-39-150 through a fixed monthly incremental per-account charge within the fuel cost component of its base rates;
- (3) The Company's request to follow deferred accounting with respect to any unrecovered DER incremental costs in excess of per-account annual cost caps, and to recover such costs, with associated carrying costs, in subsequent periods;
and
- (4) The Company's request for the authority to modify and supplement its DER Program, subject to the notice filing provisions set forth herein, to accomplish and further the goals of the Act.
- (5) Any other relief as may be appropriate.

Respectfully submitted this 9th day of February, 2015.

A handwritten signature in black ink, appearing to read "Charles A. Castle", written over a horizontal line.

Charles A. Castle
Associate General Counsel
Duke Energy Corporation
550 South Tryon St./DEC45A
Charlotte, North Carolina 28201-1006
Tel. 704.382.4499
alex.castle@duke-energy.com

Frank Ellerbe
Robinson McFadden & Moore, P.C.
1901 Main Street, Suite 1200
Post Office Box 944
Columbia, SC 29202
Tel: 803.779.8900
fellerbe@robinsonlaw.com

ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

Robert F. Caldwell, being first duly sworn, deposes and says that he is Senior Vice President - Distributed Energy Resources, and as such he is an Officer of both Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.; that he has read the foregoing Application of Duke Energy Carolinas, LLC To Establish A Distributed Energy Resource Program and knows the contents thereof; and that the same is true of his own knowledge.

Dated this, the 6th day of February, 2015.


Robert F. Caldwell

Subscribed and sworn to me
this the 6th day of February, 2015.


Notary Public

My commission expires on JANUARY 16, 2019.

